OFFICE OF THE SECRETARY OF STATE
CAPITOL BUILDING
SPRINGFIELD
ILLINOIS

STATEMENT SETTING FORTH IN DETAIL PROVISIONS OF PROPOSED ILLINOIS BANKING ACT

TO THE COUNTY CLERK OF .....COUNTY, ILLINOIS:

Pursuant to Senate Bill No. 324 of the 69th General Assembly of the State of Illinois, the following proposition is to be submitted to the voters at the general election on November 6, 1956 and will appear on the same ballot as the names of the candidates for state and other offices:

Shall "An Act to revise the Law with Relation to Banks and Banking and to Provide Penalties for the Violation Thereof, and to repeal certain Acts herein named" be Adopted Effective January 1, 1957?	Yes	
	No	

DETAILS OF ILLINOIS BANKING ACT PROPOSED FOR ADOPTION

The proposed Illinois Banking Act passed by the 69th General Assembly and approved May 11, 1955, is in words and figures as follows:

AN ACT to revise the law with relation to Banks and Banking and to provide penalties for the violation thereof, and to repeal certain acts herein named.

Be it enacted by the People of the State of Illinois, represented in the General Assembly:

Section 1. TITLE.] This Act may be cited as the Illinois Banking Act.

Section 2. GENERAL DEFINITIONS.] In this Act, unless the context otherwise requires,

"Action" in the sense of a judicial proceeding includes recoupments, counterclaims, set-off, suit in equity and any other proceeding in which rights are determined.

"Auditor" means the Auditor of Public Accounts as designated in Article V of the Constitution of this State.

"Bank" means any person doing a banking business whether subject to the laws of this or any other jurisdiction.

A "banking house", "branch bank", "branch office" or "additional office or agency" within the meaning of the prohibitions of Section 6 hereof shall include any branch bank, branch office or additional house, office, agency or place of business at which deposits are received or checks paid, or any of a bank's other business is conducted, but shall not include any place at which only records thereof are made, posted, or kept. A place at which deposits are received or checks paid or any of a bank's other business is conducted shall not be deemed to be a branch bank, branch office or additional house, office or agency if such place is adjacent to and connected with the main banking premises, or if it is separated from such main banking premises by not more than an alley; provided always that (i) if such place is separated by an alley from the main banking

premises there is a connection between the two by public or private way or by subterranean or overhead passage, and (ii) if such place is in a building not wholly occupied by the bank, such place shall not be within any office or room in which any other business or service of any kind or nature other than the business of such bank is conducted or carried on.

"Capital" includes the aggregate of capital stock and preferred stock.

"Charter" includes the original charter and all amendments thereto and articles of merger or consolidation.

"Community" means a city, village or incorporated town in this State.

"Court" means a court of competent jurisdiction.

"Fiduciary" means trustee, agent, executor, administrator, committee, guardian or conservator for a minor or other incompetent person, receiver, trustee in bankruptcy, assignee for creditors or any holder of similar position of trust.

"Municipality" means any municipality, political subdivision, school district, taxing district or agency.

"National Bank" means a national banking association located in this State.

"Person" means an individual, corporation, partnership, joint venture, trust estate or unincorporated association.

"Published" means the publishing of the notice or instrument referred to in some newspaper of general circulation and printed in or nearest to the county in which the bank is located at least once each week for three successive weeks.

"Recorded" means the filing or recording of the notice or instrument referred to in the office of the Recorder of Deeds of the county wherein the bank is located.

"State Bank" means any banking corporation organized under or subject to this Act.

Section 3. Formation and Primary Powers.] It shall be lawful to form banks, as herein provided, for the purpose of discount and deposit, buying and selling exchange and doing a general banking business, excepting the issuing of bills to circulate as money; and such banks shall have the power to loan money on personal and real estate security, and to accept and execute trusts, and shall be subject to all of the provisions of this Act.

Section 4. Effect on Existing Banks.] The certificates, permits and charters of state banks existing at the time of the adoption of this Act shall continue in full force and effect, and the provisions of this Act shall apply thereto. Any corporation with banking powers availing itself of or accepting the benefits of this Act and all corporations with banking powers existing by virtue of any special charter or general law of this State, shall be subject to the provisions and requirements of this Act in every particular, as if organized under this Act.

Section 5. General Corporate Powers.] A bank organized under this Act or subject thereto shall be a body corporate and politic and shall, without specific mention thereof in the charter, have all the powers conferred by this Act and the following additional general corporate powers:

(1) To sue and be sued, complain and defend in its corporate name.

(2) To have a corporate seal which may be altered at pleasure, and to use the same by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

(3) To make, alter, amend, and repeal by-laws, not inconsistent with its charter or with law, for the administration of the affairs of the corporation.

(4) To elect or appoint and remove officers and agents of the bank and define their duties and fix their compensation.

(5) To adopt and operate reasonable bonus and pension plans for officers and employees.

(6) To make reasonable donations for the public welfare or for charitable, scientific, religious or educational purposes.

(7) To pledge its assets:

(a) To secure borrowed funds;

(b) To enable it to act as agent for the sale of obligations of the United States;

(c) To secure deposits of public money of the United States, whenever required by the laws of the United States, including without being limited to, revenues and funds the deposit of which is subject to the control or regulation of the United States or any of its officers, agents, or employees and Postal Savings funds;

(d) To secure deposits of public money of this State; and

(e) To secure deposits of money whenever required by the National Bankruptcy Act, or this Act.

(8) To own, possess and carry as assets all or part of the real estate necessary in or with which to do its banking business, either directly or indirectly through the ownership of all or part of the capital stock, shares or interests in any corporation or corporations, association or associations, trust or trusts engaged solely in holding any part or parts or all of the bank premises, or engaged solely in such business and in conducting a safe deposit business in such premises or part of them.

(9) To own, possess and carry as assets such other real estate to which it may obtain title in the collection of its debts, but it shall not carry in its assets any real estate except as herein permitted for the period of more than five years after acquiring title to the same.

(10) To do any act, including the acquisition of stock, necessary to obtain insurance of its deposits, or part thereof, and any act necessary to obtain a guaranty in whole or in part of any of its loans or investments by the United States or any agency thereof, and any act necessary to sell or otherwise dispose of any of its loans or investments to the United States or any agency thereof, and to acquire and hold membership in the Federal Reserve System.

Section 6. Branch Banking Prohibited.] No bank shall establish or maintain more than one banking house, or receive deposits or pay checks at any other place than such banking house, and no bank shall establish or maintain in this or any other state or country any branch bank, nor shall it establish or maintain in this State any branch office or additional office or agency for the purpose of conducting any of its business.

Section 7. Organization Capital Requirements.]

A bank may be organized to exercise the powers conferred by this Act with minimum capital, surplus and reserve for operating expenses as follows:

(1) If in a location not within a community as defined in this Act, or if within a community of twenty-five hundred inhabitants, or less, a minimum capital of twenty-five thousand dollars;

(2) If within a community of more than twenty-five hundred inhabitants and less than ten thousand inhabitants, a minimum capital of fifty thousand dollars;

(3) If within a community of ten thousand inhabitants and less than fifty thousand inhabitants, a minimum capital of one hundred thousand dollars;

(4) If within a community of fifty thousand inhabitants or more, a minimum capital of two hundred thousand dollars;

and in each case set forth in subparagraphs (1) through (4) there shall be added a minimum surplus which shall not be less than ten per cent of the capital and a minimum reserve for operating expenses of at least five per cent of the capital.

Section 8. Incorporators.] A state bank may be organized on application by five or more incorporators who shall be individuals and residents of this State. Each incorporator shall undertake to subscribe and pay in full in cash for stock having a par value of not less than one per cent of the minimum capital, surplus and reserve for operating expense requirements as set forth in Section 7.

Section 9. Contents of Application.] The application for a permit to organize shall be filed with the Auditor signed by each of the applicants and shall be acknowledged before some officer authorized by law to acknowledge deeds. It shall state:

(1) The name, residence, business or occupation and address of each applicant, and a statement of the proposed management.

(2) The name for the proposed bank.

(3) The location of the proposed bank.

(4) The time for which the proposed bank shall continue which may be perpetual.

(5) The amount of capital, surplus and reserve for operating expenses for the proposed bank.

(6) The number of shares of capital stock, the number of shares and classes of preferred stock, if any, the par value of the capital stock and preferred stock, and the amount for which each share of capital stock and preferred stock is to be sold.

(7) A statement of the financial worth of each of the applicants.

(8) Three references as to the personal character of each of the applicants.

Section 10. Permit to Organize.] Upon the filing of an application for a permit to organize, the Auditor shall investigate the truth of the statements therein and shall consider the proposed bank's capital structure, its future earnings prospects, and the general character of its proposed management, and notwithstanding the provisions of Section 7 of this Act, the Auditor shall not approve the application and issue a permit to organize unless he shall be of the opinion and finds:

(1) That the proposed capital meets the requirements of this Act;

(2) That the future earnings prospects are favorable;

(3) That the general character of its proposed management is such to assure reasonable promise of successful operation; and

(4) That the name of the proposed bank is not the same as or deceptively similar to the name of any other bank then operating in this State.

Section 11. Stock Subscription.] As soon as may be after receipt of a permit to organize, books of subscription to the capital stock and to the preferred stock, if any, may be opened, and when the capital stock and the preferred stock shall have been fully subscribed for, a meeting of the subscribers to the stock of such bank shall be called (each subscriber having had, or waived, at least three days' notice) for determination of the number and election of directors as herein provided to serve as directors for one year and until their successors are elected.

Section 12. Organization.] The directors so elected may proceed to organize in conformity with this Act and as follows:

(1) To qualify themselves as directors.

(2) To elect one of their number as president.

(3) To make and adopt by-laws for the government and operation of the bank.

(4) To appoint such officers as the by-laws may provide, and fix the salaries of all officers.

(5) To furnish to the Auditor lists of the stockholders and copies of any other records the Auditor may require.

(6) To collect the subscriptions to the capital stock and to the preferred stock, if any, including the surplus and the reserves for operating expenses.

(7) To report the organization to the Auditor.

Section 13. Issuance of Charter.] When the directors have organized as provided in Section 12 of this Act, and the capital stock and the preferred stock, if any, together with a surplus of not less than ten per cent of the capital, and a reserve for operating expenses of at least five per cent of the capital, shall have been all fully paid in and a record of the same filed with the Auditor, he shall by himself or some competent person of his appointment, make a thorough examination into the affairs of the proposed bank, and if satisfied that all the requirements of this Act have been complied with, and that no intervening circumstance has occurred to change the Auditor's findings made pursuant to Section 10 of this Act, upon payment into the Auditor's office of the reasonable expenses of such examination, as determined by the Auditor, he shall issue a charter authorizing the bank to commence business as authorized in this Act. Said charter issued in accordance herewith, duly certified by the Auditor, shall be recorded, and the original or certified copy thereof shall be evidence in all courts and places of the existence and authority of said bank to do business. Upon the recording of said charter the bank shall be deemed fully organized and may proceed to do business. The

Auditor may, in his discretion, withhold the issuing of said charter when he has reason to believe that the bank is organized for any purpose other than that contemplated by this Act or that a commission or fee has been paid in connection with the sale of the stock of the bank.

Section 14. STOCK.] Unless otherwise provided for in this Act, provisions of general application to stock of a state bank shall be as follows:

(1) All banks shall have their capital divided into shares of a par value of not less than ten dollars each and not more than one hundred dollars each. No issue of capital stock or preferred stock shall be valid until not less than the par value of all such stock so issued shall be paid in and notice thereof by the president, a vice-president or cashier of the bank has been transmitted to the Auditor and his certificate obtained specifying the amount of such issue of capital stock or, as the case may be, preferred stock and his approval thereof, and that the par value has been duly paid in as part of the capital of such bank, which certificate shall be deemed to be conclusive evidence that such capital stock or, as the case may be, preferred stock has been duly and validly issued; provided, however, that any bank may, in accordance with the requirements of Sections 17 and 18 of this Act, increase its capital stock by the declaration of a stock dividend, provided that the surplus of said bank after such increase shall be at least equal to twenty per cent of the capital as increased. The charter shall not limit or deny the voting power of the shares of any class of stock.

(2) Pursuant to action taken in accordance with the requirements of Sections 17 and 18, a bank may issue preferred stock of one or more classes as shall be approved by the Auditor as hereinafter provided, and make such amendments to its charter as may be necessary for this purpose; but in the case of any newly organized bank which has not yet issued capital stock the requirements of Sections 17 and 18 shall not apply.

(3) Without limiting the authority herein contained a bank, when so provided in its charter and when approved by the Auditor, may issue shares of preferred stock:

(a) Subject to the right of the bank to redeem any of such shares at not exceeding the price fixed by the charter for the redemption thereof;

(b) Subject to the provisions of Section 42 of this Act entitling the holders thereof to cumulative or non-cumulative dividends;

(c) Having preference over any other class or classes of shares as to the payment of dividends;

(d) Having preference as to the assets of the bank over any other class or classes of shares upon the voluntary or involuntary liquidation of the bank;

(e) Convertible into shares of any other class of stock, provided that preferred shares shall not be converted into shares of a different par value unless that part of the capital of the bank represented by such preferred shares is at the time of the conversion equal to the aggregate par value of the shares into which the preferred shares are to be converted.

(4) If any part of the capital of a bank consists of preferred stock, the determination of whether or not the capital of such bank is impaired and the amount of such impairment shall be based upon the par value of its stock even though the amount which the holders of such preferred stock shall be entitled to receive in the event of retirement or liquidation shall be in excess of the par value of such preferred stock.

Section 15. STOCK AND *STOCKHOLDERS.*] Unless otherwise provided for in this Act, provisions of general application to capital stock, preferred stock, and stockholders of a state bank shall be as follows:

(1) There shall be an annual meeting of the stockholders for the election of directors each year on the first business day in January, unless some other date shall be fixed by the by-laws. A special meeting of the stockholders may be called at any time by the board of directors, and otherwise as may be provided in the by-laws.

(2) Written or printed notice stating the place, day, and hour of the meeting, and in case of a special meetting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten

nor more than forty days before the date of the meeting either personally or by mail, by or at the direction of the president, or the secretary, or the officer or persons calling the meeting, to each stockholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail with postage thereon prepaid addressed to the stockholder at his address as it appears on the records of the bank.

(3) Each outstanding share shall be entitled to one vote on each matter submitted to a vote at a meeting of stockholders. Shares of its own stock belonging to a bank shall not be voted, directly or indirectly, at any meeting and shall not be counted in determining the total number of outstanding shares at any given time, but shares of its own stock held by it in a fiduciary capacity may be voted and shall be counted in determining the total number of outstanding shares at any given time. A stockholder may vote either in person or by proxy executed in writing by the stockholder or by his duly authorized attorney-in-fact. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy. In all elections for directors every stockholder (or subscriber to the stock prior to the issuance of a charter) shall have the right to vote, in person or by proxy, for the number of shares of stock owned by him, for as many persons as there are directors to be elected, or to cumulate said shares and give one candidate as many votes as the number of directors multiplied by the number of his shares of stock shall equal, or to distribute them on the same principle among as many candidates as he shall think fit. A majority of the outstanding shares represented in person or by proxy shall constitute a quorum at a meeting of stockholders. In the absence of a quorum a meeting may be adjourned from time to time without notice to the stockholders.

(4) Whenever additional stock of a class is offered for sale, stockholders of record of the same class on the date of the offer shall have the right to subscribe to such proportion of the shares as the stock of such class held by them bears to the total of the outstanding stock of such class, and the price thereof may be in excess of par value. This right shall be transferable but shall terminate if not exercised within sixty days of the offer, unless the Auditor shall authorize a shorter time. If the right is not exercised, the stock shall not be re-offered for sale to others at a lower price without the stockholders of the same class again being accorded a preemptive right to subscribe at the lower price.

(5) For the purpose of determing stockholders entitled to notice of or to vote at any meeting of stockholders, or stockholders entitled to receive payment of any dividend, or in order to make a determination of stockholders for any other proper purpose, the board of directors of a bank may provide that the stock transfer books shall be closed for a stated period but not to exceed, in any case, forty days. In lieu of closing the stock transfer books, the board of directors may fix in advance a date as the record date for any such determination of stockholders, such date in any case to be not more than forty days, and in case of a meeting of stockholders, not less than ten days prior to the date on which the particular action, requiring such determination of stockholders, is to be taken. If the stock transfer books are not closed and no record date is fixed for the determination of stockholders entitled to notice of or to vote at a meeting of stockholders, or stockholders entitled to receive payment of a dividend, the date on which notice of a meeting is mailed or the date on which the resolution of the board of directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of stockholders.

(6) Stock standing in the name of another corporation, domestic or foreign, may be voted by such officer, agent, or proxy as the by-laws of such corporation may prescribe, or, in the absence of such provision, as the board of directors of such corporation may determine. Stock standing in the name of a deceased person may be voted by his administrator or executor, either in person or by proxy. Stock standing in the name of a guardian, conservator, or trustee may be voted by such fiduciary, either in person or by proxy. Shares standing in the name of a receiver may be voted by such receiver, and shares held by or under control of a receiver may be voted by such receiver without the transfer thereof into his name if authority so to do be contained in an appropriate order of the court by which such receiver was appointed. A stockholder whose shares of stock are pledged shall be entitled to vote such shares until the shares have been transferred into the name of the pledgee, and thereafter the pledgee shall be entitled to vote the shares so transferred.

(7) Shares of stock shall be transferable in accordance with the general laws of this State governing the transfer of corporate shares.

(8) It is hereby made the duty of the president, or of any vice-president, or the cashier, within thirty days after the issuance of the charter, to have recorded a certified list of all the original stockholders giving the number of shares of stock held by each and thereafter a certificate of any transfer of stock, not later than thirty days after such transfer.

Section 16. DIRECTORS.] The business and affairs of a state bank shall be managed by its board of directors which shall exercise its powers as follows:

(1) Directors shall be elected as in this Act provided and any omission to elect a director or directors shall not impair any of the rights and privileges of the bank or of any person in any way interested but the existing directors shall hold office until their successors are elected and qualify.

(2) The number of directors, not less than three, shall be fixed by the charter and the number so fixed shall be the board regardless of vacancies.

(3) Each director upon original election to the board of directors, and upon each subsequent election where any period has elapsed in which he was not a director, shall take and subscribe to an oath of fealty to the bank (a) that he will, so far as the duty devolves on him, diligently and honestly administer the affairs of the bank, (b) that he will not knowingly violate or willingly permit to be violated any of the provisions of this Act, (c) that he is and will remain the owner in good faith and in his own right the number of shares of stock required by this Act, and (d) that the same is not, and will not be, hypothecated or in any way pledged as security for any loan or debt as long as he remains a director. Such oath subscribed by affiant shall be immediately transmitted to the Auditor to be filed by him in his office.

(4) Each director must own in his own right, free of any lien and encumbrances, shares of the capital stock, the aggregate par value of which shall not be less than one thousand dollars, and stock certificates therefor, issued in his name, shall be filed unendorsed and unassigned by him with the cashier of the bank during his term as director. Any director who ceases to be the owner of capital stock of the aggregate par value of one thousand dollars or becomes in any form disqualified, shall vacate his office as director. Any director who becomes disqualified shall forthwith resign his office but upon removal of such disqualification he may be eligible for election. No action taken by a director prior to resignation shall be subject to attack on the ground of his disqualification.

(5) Directors shall be elected for one year and shall serve until their successors are elected and qualify. Vacancies may be filled by stockholders at a special meeting called for the purpose.

(6) The Board of directors shall hold regular meetings at least once each month. A special meeting of the board of directors may be held as provided by the by-laws. A special meeting of the board of directors may also be held upon call by the Auditor or a bank examiner appointed under the provisions of this Act, upon not less than twelve hours notice of such meeting by personal service of such notice, or by mailing said notice to each of the directors at his residence as shown by the books of the bank. A majority of the board of directors shall constitute a quorum for the transaction of business, unless a greater number is required by the charter or the by-laws. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by the charter or by the by-laws.

(7) A member of the board of directors shall be elected president and the board of directors may appoint such other officers as the by-laws may provide, and fix their salaries, to carry on the business of the bank. The board of directors may make and amend by-laws (not inconsistent with this Act) for the government of the bank. An officer, whether elected or appointed by the board of directors or appointed pursuant to the by-laws, may be removed by the board of directors at any time.

(8) The Board of directors shall cause suitable books and records of all of the bank's transactions to be kept.

Section 17. CHANGES IN CHARTER.] By compliance herewith a state bank may:

(1) Change its name, provided that no name shall be the same as or deceptively similar to the name of any other bank then operating in this state;

(2) Change its plaee of business provided that there shall not be a removal to a new location without complying with the eapital requirements of Section 7;

(3) Increase, decrease or change its capital stock, provided that in no case shall the capital be diminished to the prejudiee of its ereditors;

(4) Authorize, inerease, deerease or change its preferred stoek, provided that in no case shall the eapital be diminished to the prejudice of its creditors;

(5) Increase, decrease or change the par value of its shares of its eapital stock or preferred stock;

(6) Extend the duration of its eharter;

(7) Increase or decrease the number of its direetors; or

(8) Make such other change in its eharter as may be authorized in this Act.

Seetion 18. Procedure to Change Charter.] To effeet a change or ehanges in a state bank's eharter as provided for in Section 17:

(1) The board of directors shall adopt a resolution setting forth the proposed amendment and direeting that it be submitted to a vote at a meeting of stockholders, which may be either an annual or a special meeting.

(2) If the meeting is a special meeting, written or printed notice setting forth the proposed amendment or a summary of the changes to be effeeted thereby shall be given to each stockholder of record entitled to vote at sueh meeting at least thirty days before such meeting and in the manner provided in this Act for the giving of notiee of meetings of stoekholders, and the notice shall be published.

(3) At such special meeting a vote of the stoekholders entitled to vote shall be taken on the proposed amendment. The proposed amendment shall be adopted upon receiving the affirmative vote of the holders of at least two-thirds of the outstanding shares of stock entitled to vote at sueh meeting, unless holders of preferred stoek are entitled to vote as a elass in respect thereof, in whieh event the proposed amendment shall be adopted upon receiving the affirmative vote of the holders of at least two-thirds of the outstanding shares of eaeh class of shares entitled to vote as a class in respect thereof and of the total outstanding shares entitled to vote at such meeting. Any number of amendments may be submitted to the stoekholders, and voted upon by them at one meeting. A eertifieate of the amendment, or amendments, verified by the president, or a vice-president, or the cashier, shall be filed immediately in the offiee of the Auditor.

(4) At any annual meeting without a resolution of the board of directors and without a notiee and prior publication, as hereinabove provided, a proposition for a change in the bank's eharter as provided for in Section 17 may be submitted to a vote of the stockholders entitled to vote at the annual meetting. The proposed amendment shall be adopted upon receiving the affirmative vote of the holders of at least two-thirds of the outstanding shares of stoek entitled to vote at such meeting, unless holders of preferred stock are entitled to vote as a class in respect thereof, in which event the proposed amendment shall be adopted upon receiving the affirmative vote of the holders of at least two-thirds of the outstanding shares of eaeh class of shares entitled to vote as a class in respeet thereof and of the total outstanding shares entitled to vote at sueh meeting. A eertificate of the amendment, or amendments, verified by the president, or a viee-president, shall be filed immediately in the offiee of the Auditor.

(5) If an amendment or amendments shall be approved in writing by the Auditor, a like eertificate, together with the Auditor's written approval, shall be recorded and thereupon the amendment or amendments so adopted and so approved shall be aeeomplished in accordanee with the vote of the stockholders and notiee of such accomplishment shall be published.

(6) No amendment or amendments shall affeet suits in which the bank is a party, nor affeet eauses of aetion, nor affect rights of persons in any particular, nor shall aetions brought against such bank by its former name be abated by a change of name.

Section 19. Merger, Consolidation and Conversion Definitions.] As used in Sections 20 through 30 both inelusive of this Act unless the eontext otherwise requires:

"Continuing Bank" means a merging bank the charter of which becomes the charter of the resulting bank.

"Converting Bank" means a bank converting from a state to a national bank, or the reverse.

"Converting Trust Company" means a trust company converting to a state bank.

"Merger" includes consolidation.

"Merging Bank" means a party to a bank merger.

"Merging Trust Company" means a trust company party to a merger with a state bank.

"Resulting Bank" means the bank resulting from a merger or conversion.

"Trust Company" means a corporation incorporated in this State for the purpose of accepting and executing trusts.

Section 20. RESULTING NATIONAL BANK.] Nothing in this Act shall be construed to require the approval of any Illinois state authority as a condition to the right of a state bank, pursuant to the laws of the United States, to be converted into a national bank or to merge with a national bank under a national charter. The action to be taken by such merging or converting state bank and its rights and liabilities and those of its stockholders and of its dissenting stockholders shall be the same as those prescribed for a state bank merging with, or converting into, a national bank at the time of the action by the law of the United States and not by the law of this State, except that an affirmative vote of the holders of at least two-thirds of the outstanding shares of stock of a state bank entitled to vote at a meeting called in conformity with Section 23 shall be required for the merger or conversion. Upon the completion of a merger or conversion, resulting in a national bank, the charter of any merging or converting state bank shall automatically terminate.

Section 21. RESULTING STATE BANK.] Upon approval by the Auditor, banks may be merged to result in a state bank or a national bank may convert into a state bank as prescribed by this Act, except that the action by a national bank shall be taken in the manner prescribed by and shall be subject to limitations and requirements imposed by the law of the United States which shall also govern the rights of its dissenting stockholders.

Section 22. MERGER PROCEDURE; RESULTING STATE BANK.] The merger procedure required of a state bank where there is to be a resulting state bank by consolidation or merger shall be:

(1) The board of directors of each merging bank shall, by a majority of the entire board, approve a merger agreement which shall contain:

(a) The name of each merging bank and its location and a list of each merging bank's stockholders as of the date of the merger agreement;

(b) With respect to the resulting bank (i) its name and place of business; (ii) the amount of capital, surplus and reserve for operating expenses; (iii) the classes and the number of shares of stock and the par value of each share; (iv) the designation of the continuing bank and the charter which is to be the charter of the resulting bank, together with the amendments to the continuing charter and to the continuing by-laws; and (v) a detailed financial statement showing the assets and liabilities after the proposed merger or consolidation;

(c) Provisions governing the manner of converting the shares of the merging banks into shares of the resulting bank;

(d) A statement that the agreement is subject to approval by the Auditor and by the stockholders of each merging bank and that whether approved or disapproved the merging banks will pay the Auditor's expenses of examination;

(e) Provisions governing the manner of disposing of the shares of the resulting bank not taken by the dissenting stockholders of the merging banks; and

(f) Such other provisions as the Auditor may reasonably require to enable him to discharge his duties with respect to the merger.

(2) After approval by the board of directors of each merging bank, the merger agreement shall be submitted to the Auditor for approval, together with certified copies of the authorizing resolutions of each board of directors showing approval by a majority of the entire board of each bank.

(3) After receipt by the Auditor of the papers specified in subsection (2), he shall approve or disapprove the merger agreement. The Auditor shall not approve the merger agreement unless he shall be of the opinion and shall find:

(a) That the resulting bank meets the requirements of this Act for the formation of a new bank at the proposed place of business of the resulting bank;

(b) That the same matters exist in respect of the resulting bank which would have been required under Section 10 of this Act for the organization of a new bank; and

(c) That the merger agreement is fair to all persons affected.

If the Auditor disapproves an agreement he shall state his objections and give an opportunity to the merging banks to amend the merger agreements to obviate such objections.

Section 23. Merger; Approval by Stockholders.] To be effective, even though approved by the Auditor, a merger which is to result in a state bank must be approved by the affirmative vote of the holders of at least two-thirds of the outstanding shares of stock entitled to vote at a meeting called to consider such action, unless holders of preferred stock are entitled to vote as a class in respect thereof, in which event the proposed merger shall be adopted upon receiving the affirmative vote of the holders of at least two-thirds of the outstanding shares of each class of shares entitled to vote as a class in respect thereof and of the total outstanding shares entitled to vote at such meeting, and must be approved by the stockholders of each merging national bank as provided by the law of the United States. The prescribed vote by the merging banks shall constitute the adoption of the charter and by-laws of the continuing state bank, including the amendments in the merger agreement, as the charter and by-laws of the resulting bank. Written or printed notice of the meeting of the stockholders shall be published and shall be given to each stockholder of record entitled to vote at such meeting at least thirty days before such meeting and in the manner provided in this Act for the giving of notice of meetings of stockholders. No notice by publication need be given if written waivers are received from the holders of two-thirds of the outstanding stock of each class. The notice shall state that dissenting stockholders will be entitled to payment of the value of those shares which are voted against approval of the merger, if a proper demand is made on the resulting bank and the requirements of this Act are satisfied as specified in Section 29 of this Act.

Section 24. Effective Date of Merger; Filing.] A merger which is to result in a state bank shall, unless a later date is specified in the agreement, become effective upon the filing with the Auditor of the executed agreement, together with copies of the resolutions of the stockholders of each merging bank approving it, certified by the bank's president or a vice-president or the cashier. The charters of the merging banks, other than the continuing bank, shall thereupon automatically terminate. The Auditor shall thereupon issue to the continuing bank a certificate of merger, which shall specify the name of each merging bank and the name of the continuing bank, and the amendments to the charter of the continuing bank provided for by the merger agreement. Such certificate shall be conclusive evidence of the merger and of the correctness of all proceedings therefor in all courts and places, and such certificate shall be recorded.

Section 25. Conversion of National into State Bank.] A national bank located in this State which follows the procedure prescribed by the laws of the United States to convert into a state bank may be granted a charter by the Auditor. The national bank may apply for such charter by filing with the Auditor:

(1) A certificate signed by its president, or a vice-president, or the cashier, and by a majority of the entire board of directors setting forth the corporate action taken in compliance with the provisions of the laws of the United States governing the conversion of a national to a state bank;

(2) The plan of conversion and the proposed charter approved by the stockholders for the operation of the bank as a state bank;

(3) The name proposed for the converting bank, its location and a list of its stockholders as of the date of the stockholders' approval of the plan of conversion;

(4) The amount of its capital, surplus and reserve for operation expenses, the classes and the number of the shares of stock and the par value of each share, and a detailed statement showing the assets and liabilities of the converting bank; and

(5) A statement that the plan of conversion is subject to the approval of the Auditor and that whether approved or disapproved the converting bank will pay the Auditor's expenses of examination.

Section 26. Converting National Bank; Issuance of Charter to Resulting State Bank.] After receipt by the Auditor of the papers specified in Section 25, he shall approve or disapprove the plan of conversion. The Auditor shall not approve the plan of conversion unless he shall be of the opinion and finds:

(a) That the resulting bank meets the requirements of this Act for the formation of a new bank at the proposed place of business of the resulting bank;

(b) That the same matters exist in respect of the resulting bank which would have been required under Section 10 of this Act for the organization of a new bank; and

(c) That the plan of conversion is fair to all persons affected.

If the Auditor disapproves the plan of conversion, he shall state his objections in writing and give an opportunity to the converting bank to amend the plan of conversion to obviate such objections. The conversion, unless a later date is specified in the plan of conversion, shall become effective upon the Auditor's approval and the charter proposed in the plan of conversion shall constitute the charter. The Auditor shall issue a certificate of conversion which shall specify the name of the converting bank, the name of the resulting bank, and the charter provided for by said plan of conversion. Such certificate shall be conclusive evidence of the conversion and of the correctness of all proceedings therefor in all courts and places, and such certificate shall be recorded.

Section 27. Auditor's Expenses.] The expenses of any examination made by the Auditor or at his direction in connection with a proposed merger or a proposed conversion shall be paid by the merging banks or by the converting bank.

Section 28. Continuation of Corporate Entity.] A resulting state or national bank shall be considered the same business and corporate entity as each merging bank or as the converting bank with all the property, rights, powers, duties and obligations of each merging bank or of the converting bank except as affected by the state law in the case of a resulting state bank or by the national law in the case of a resulting national bank, and by the charter and by-laws of the resulting bank. A resulting bank shall be liable for all liabilities of the merging banks or converting bank and all the rights, franchises and interests of the said merging banks or converting bank in and to every species of property, real, personal and mixed, and choses in action thereunto belonging, shall be deemed to be transferred to and vested in such resulting bank without any deed or other transfer, and the resulting bank without any order or other action on the part of any court or otherwise, shall hold and enjoy the same and all rights of property, franchises, and interests, including appointments, designations and nominations and all other rights and interests as trustee, executor, administrator, registrar or transfer agent of stocks and bonds, guardian, conservator, assignee, receiver, and in every other fiduciary capacity, in the same manner and to the same extent as was held and enjoyed by the merging banks or the converting bank. Any reference to a merging or converting bank in any writing, whether executed or taking effect before or after the merger or conversion, shall be deemed a reference to the resulting bank if not inconsistent with the other provisions of such writing.

Section 29. Dissenting Stockholders.] If a stockholder of a state bank which is a party to a merger other than a merger which is to result in a national bank, shall file with such bank prior to or at the meeting of stockholders at which the plan of merger is submitted to a vote, a written objection to such plan or merger, and shall not vote in favor thereof, and such stockholder, within twenty days after the merger is effected, shall make written demand on the continuing bank for payment of the fair value of his shares as of the day prior to the date on which the vote was taken approving the merger, the continuing bank shall pay to such stockholder, upon surrender of his certificate or certificates representing said stock, the fair value thereof. Such demand shall state the number of the shares owned by such dissenting stockholder. Any stockholder failing to make demand within the twenty-day period shall be conclusively presumed to have consented to the merger and shall be bound by the terms thereof. If within thirty days after the date on which such merger was effected the value of such shares is agreed upon between the dissenting stockholders and the continuing bank, payment therefor shall be made within ninety days after the date on which such merger was effected, upon the surrender of his certificate or certificates representing said shares. Upon payment of the agreed value the dissenting stockholder shall cease to have any interest in such shares or in the continuing bank. If within such period of thirty days the stockholder and the continuing bank do not so agree, then the dissenting stockholder may, within sixty days after the expiration of the thirty-day period, file a complaint in any court of competent jurisdiction asking for a finding and determination of the fair value of such shares, and shall be entitled to judgment against the continuing bank for the amount of such fair value as of the day prior to the date on which

such vote was taken approving such merger with interest thereon to the date of such judgment. The practice, procedure and judgment shall be governed by the Civil Practice Act of this State. The judgment shall be payable only upon and simultaneously with the surrender to the continuing bank of the certificate or certificates representing said shares. Upon the payment of the judgment, the dissenting stockholder shall cease to have any interest in such shares or in the continuing bank. Such shares of stock may be held and disposed of by the continuing bank. Unless the dissenting stockholder shall file such complaint within the time herein limited, such stockholder and all persons claiming under him shall be conclusively presumed to have approved and ratified the merger, and shall be bound by the terms thereof. The right of a dissenting stockholder to be paid the fair value of his shares of stock as herein provided shall cease if and when the continuing bank shall abandon the merger.

Section 30. Conversion; Merger with Trust Company.] Upon approval by the Auditor a trust company having power so to do under the law under which it is organized may convert into a state bank or may merge into a state bank as prescribed by this Act; except that the action by a trust company shall be taken in the manner prescribed by and shall be subject to limitations and requirements imposed by the law under which it is organized which law shall also govern the rights of its dissenting stockholders. The rights of dissenting stockholders of a state bank shall be governed by Section 29 of this Act. The conversion or merger procedure shall be:

(1) In the case of a merger, the board of directors of both the merging trust company and the merging bank by a majority of the entire board in each case shall approve a merger agreement which shall contain:

(a) The name and location of the merging bank and of the merging trust company and a list of the stockholders of each as of the date of the merger agreement;

(b) With respect to the resulting bank (i) its name and place of business; (ii) the amount of capital, surplus and reserve for operating expenses; (iii) the classes and the number of shares of stock and the par value of each share; (iv) the charter which is to be the charter of the resulting bank, together with the amendments to the continuing charter and to the continuing by-laws; and (v) a detailed financial statement showing the assets and liabilities after the proposed merger;

(c) Provisions governing the manner of converting the shares of the merging bank and of the merging trust company into shares of the resulting bank;

(d) A statement that the merger agreement is subject to approval by the Auditor and by the stockholders of the merging bank and the merging trust company, and that whether approved or disapproved, the parties thereto will pay the Auditor's expenses of examination;

(e) Provisions governing the manner of disposing of the shares of the resulting bank not taken by the dissenting stockholders of the merging trust company; and

(f) Such other provisions as the Auditor may reasonably require to enable him to discharge his duties with respect to the merger.

(2) After approval by the board of directors of the merging bank and of the merging trust company, the merger agreement shall be submitted to the Auditor for approval, together with the certified copies of the authorizing resolutions of each board of directors showing approval by a majority of each board.

(3) After receipt by the Auditor of the papers specified in subsection (2), he shall approve or disapprove the merger agreement. The Auditor shall not approve the agreement unless he shall be of the opinion and finds:

(a) That the resulting bank meets the requirements of this Act for the formation of a new bank at the proposed place of business of the resulting bank;

(b) That the same matters exist in respect of the resulting bank which would have been required under Section 10 of this Act for the organization of a new bank; and

(c) That the merger agreement is fair to all persons affected.

If the Auditor disapproves the merger agreement, he shall state his objections in writing and give an opportunity to the merging bank and the merging trust company to obviate such objections.

(4) To be effective, if approved by the Auditor, a merger of a bank and a trust company where there is to be a resulting bank must be approved by the affirmative vote of the holders of at least two-thirds of the outstanding shares of stock of the merging bank entitled to vote at a meeting called to consider such action, unless holders of preferred stock are entitled to vote as a class in respect thereof, in which event the proposed merger shall be adopted upon receiving the affirmative vote of the holders of at least two-thirds of the outstanding shares of each class of shares entitled to vote as a class in respect thereof and of the total outstanding shares entitled to vote at such meeting and must be approved by the stockholders of the merging trust company as provided by the Act under which it is organized. The prescribed vote by the merging bank and the merging trust company shall constitute the adoption of the charter and by-laws of the continuing bank, including the amendments in the merger agreement, as the charter and by-laws of the resulting bank. Written or printed notice of the meeting of the stockholders of the merging bank shall be published and shall be given to each stockholder of record entitled to vote at such meeting at least thirty days before such meeting and in the manner provided in this Act for the giving of notice of meetings of stockholders. No notice of publication need be given if written waivers are received from the holders of two-thirds of the outstanding stock of each class. The notice shall state that dissenting stockholders of the merging trust company will be entitled to payment of the value of those shares which are voted against approval of the merger, if a proper demand is made on the resulting bank and the requirements of the Act under which the merging trust company is organized are satisfied;

(5) Unless a later date is specified in the merger agreement, the merger shall become effective upon the filing with the Auditor of the executed merger agreement, together with copies of the resolutions of the stockholders of the merging bank and the merging trust company approving it, certified by the president or a vice-president or, the cashier and also by the secretary or other officer charged with keeping the records. The charter of the merging trust company shall thereupon automatically terminate. The Auditor shall thereupon issue to the continuing bank a certificate of merger which shall specify the name of the merging bank, the name of the merging trust company, the name of the continuing bank and the amendments to the charter of the continuing bank provided for by the merger agreement. Such certificate shall be conclusive evidence of the merger and of the correctness of all proceedings therefor in all courts and places including the office of the Secretary of State, and said certificate shall be recorded.

(6) In the case of a conversion, a trust company shall apply for a charter by filing with the Auditor:

(a) A certificate signed by its president, or a vice-president, and by a majority of the entire board of directors setting forth the corporate action taken in compliance with the provisions of the Act under which it is organized governing the conversion of a trust company to a bank or governing the merger of a trust company into another corporation;

(b) The plan of conversion and the proposed charter approved by the stockholders for the operation of the trust company as a bank. The plan of conversion shall contain (i) the name and location proposed for the converting trust company; (ii) a list of its stockholders as of the date of the stockholders' approval of the plan of conversion; (iii) the amount of its capital, surplus and reserve for operating expenses; (iv) the classes and the number of shares of stock and the par value of each share; (v) the charter which is to be the charter of the resulting bank; and (vi) a detailed financial statement showing the assets and liabilities of the converting trust company;

(c) A statement that the plan of conversion is subject to approval by the Auditor and that, whether approved or disapproved, the converting trust company will pay the Auditor's expenses of examination; and

(d) Such other instruments as the Auditor may reasonably require to enable him to discharge his duties with respect to the conversion.

(7) After receipt by the Auditor of the papers specified in subsection (6), he shall approve or disapprove the plan of conversion. The Auditor shall not approve the plan of conversion unless he shall be of the opinion and finds:

(a) That the resulting bank meets the requirements of this Act for the formation of a new bank at the proposed place of business of the resulting bank;

(b) That the same matters exist in respect of the resulting bank which would have been required under Section 10 of this Act for the organization of a new bank; and

(c) That the plan of conversion is fair to all persons affected.

If the Auditor disapproves the plan of conversion, he shall state his objections in writing and give an opportunity to the converting trust company to obviate such objections.

(8) Unless a later date is specified in the plan of conversion, the conversion shall become effective upon the Auditor's approval, and the charter proposed in the plan of conversion shall constitute the charter of the resulting bank. The Auditor shall issue a certificate of conversion which shall specify the name of the converting trust company, the name of the resulting bank and the charter provided for by said plan of conversion. Such certificate shall be conclusive evidence of the conversion and of the correctness of all proceedings therefor in all courts and places including the office of the Secretary of State, and such certificate shall be recorded.

(9) In the case of either a merger or a conversion under this Section 30, the resulting bank shall be considered the same business and corporate entity as each merging bank and merging trust company or as the converting trust company with all the property, rights, powers, duties and obligations of each as specified in Section 28 of this Act.

Section 31. Emergency Sale of Assets.] With the approval in writing of the Auditor, which approval shall state that the proposed sale is, in his opinion, necessary for the protection of the depositors and other creditors, any state bank may, by vote of a majority of its board of directors, and without a vote of its stockholders, sell all or any part of its assets to another state or national bank or to the Federal Deposit Insurance Corporation, or to both a state or national bank and the Federal Deposit Insurance Corporation, provided that a state or national bank assumes in writing all of the liabilities of the selling bank as shown by its records, other than the liabilities of the selling bank to its stockholders as such.

Section 32. Basic Loaning Limits.] The total liabilities to any state bank of any person for money borrowed, including in the liabilities of a partnership the liabilities of the several members thereof, shall at no time exceed fifteen per cent of the amount of the capital of such bank, and fifteen per cent of its surplus; provided, however, that undivided profits shall not be construed as a part of the surplus. The following shall not be considered as money borrowed within the meaning of this Section:

(1) The purchase or discount of bills of exchange drawn in good faith against actually existing values;

(2) The purchase or discount of commercial or business paper actually owned by the person negotiating the same;

(3) The purchase of or loaning money in exchange for evidences of indebtedness which shall be secured by mortgage or trust deed upon productive real estate the value of which, as ascertained by the oath of two qualified appraisers, neither of whom shall be an officer, director or employee of the bank, is double the amount of the principal debt secured, and which mortgage or trust deed is shown, either by a guaranty policy of a title guaranty company approved by the Auditor or by a registrar's certificate of title in any county having adopted the provisions of the Land Titles Act, or by the opinion of an attorney-at-law, to be a first lien upon the real estate therein described, and real estate shall not be deemed to be encumbered within the meaning of this subsection (3) by reason of the existence of instruments reserving rights-of-way, sewer rights and rights in wells, building restrictions or other restrictive covenants, nor by reason of the fact it is subject to lease under which rents or profits are reserved by the owners;

(4) The purchase of marketable investment securities; And, provided, also, that the total liabilities of any one person, for money borrowed, or otherwise, shall not exceed twenty-five per cent of the deposits of such bank, and also that such total liablities shall at no time exceed one-half the amount of the capital and surplus of such bank.

Section 33. Marketable Investment Securities Limits.] Any state bank may purchase for its own account marketable investment securities without regard to any other liability to the bank of the maker,

obligor or guarantor of any such marketable investment securities, but in no event shall the total amount of such marketable investment securities of any one maker or obligor held by the bank or for its account exceed at any time fifteen per cent of its capital and fifteen per cent of its surplus. As used in this Section the term "marketable investment securities" shall mean marketable obligations evidencing indebtedness of any person in the form of bonds, notes, or debentures commonly known as investment securities.

Section 34. Exceptions to Loan and Investment Limits.] The limitations in Sections 32 and 33 of this Act, upon the liabilities of any one person and upon the purchase and holding of marketable investment securities shall not apply:

(1) To the extent of fifty per cent of the capital and surplus of any bank to loans to or obligations of any person to the extent that the same shall be secured by a like amount of obligations of or guaranteed by the United States or by the State of Illinois, or by a like amount of obligations of any corporation wholly owned directly or indirectly by the United States or of any agency or instrumentality of the United States or of the State of Illinois, provided that the total liabilities to any bank of any one person shall not exceed fifty per cent of such capital and surplus;

(2) To the extent of thirty per cent of the capital and surplus of any bank to loans to or obligations of any person to the extent that the same shall be secured by shipping documents or instruments transferring or securing title covering livestock or giving a lien on livestock when the market value of the livestock securing the obligation is not at the time of the making of the loan less than one hundred fifteen per cent of the principal amount of the obligation, provided that the total liabilities to any bank of any one person shall not exceed fifty per cent of such capital and surplus; and

(3) To the extent of the capital and surplus of any bank to the purchase of or holding by any bank of the obligations of each municipality located in the State of Illinois or in any other state of the United States or to the purchase of or holding of the tax anticipation warrants of each such municipality.

Section 35. Exemptions from Loan and Investment Limits.] The limitations in Sections 32, 33, and 34 upon the liabilities of any one person and upon the purchase or holding of marketable investment securities shall not apply to the following as to which there shall be no limitation:

(1) Obligations of, or guaranteed by the United States;

(2) Loans to or obligations of any person to the extent that the same shall be secured or covered by guaranty or by commitment or agreement to take over or purchase, made by any Federal Reserve Bank or by the United States or any department, bureau, board, commission or establishment of the United States, including any corporation wholly owned, directly or indirectly, by the United States;

(3) Obligations of any corporation wholly owned, directly or indirectly, by the United States or of any agency or instrumentality of the United States;

(4) Obligations and tax anticipation warrants of each state of the United States and of each municipality located in whole or in part in the county in which the bank is located.

Section 36. Classification of Loans and Investments.] For the determination of the character and classification of loans and investments made by state banks the substantive character of the underlying security for a loan or of the marketable investment security shall be the determinant, and the state bank's ownership or interest therein may be evidenced by warehouse receipts, deposit receipts, shipping documents, trust receipts, participation certificates, mortgages, conditional sale agreements, and such other or different instruments of title or of lien as may establish the bank's ownership in or lien upon the underlying security.

Section 37. Loans to Officers.] It shall not be lawful for a state bank to loan to its president, or to any of its vice-presidents or its salaried officers or employees or directors or to corporations or firms, controlled by them, or in the management of which any of them are actively engaged, unless such loan shall have been first approved, both as to security and amount, by the board of directors.

Section 38. Validation of Loans and Investments.] Every loan made or obligation or security purchased or discounted in violation of the provisions of this Act shall be due and payable according to its terms and the remedy for the recovery of any money loaned or obligation or security purchased or discounted in violation of the provisions of this Act or for the enforcement of any agreement, collateral or otherwise, made in connection with any such loan or obligation or security shall not be held to be impaired, affected or prohibited by reason of such violation, but such remedy shall exist notwithstanding the same.

Section 39. Directors' and Officers' Liability.] Every director or officer of any state bank, who shall violate, or participate in, or assent to a violation of Sections 32 through 34 of this Act, or who shall permit any of the officers, agents or servants of the state bank to violate the provisions of Sections 32 through 34 inclusive thereof shall be held liable in his personal or individual capacity for all damages which the state bank, its stockholders or any other person, shall have sustained in consequence of such violation.

Section 40. Loans to Examiners; Criminal Penalty.] No state bank and no officer, director or employee thereof shall make any loan or grant any gratuity to any bank examiner appointed under the provisions of this Act. Any state bank officer, director, or employee violating this provision shall be deemed guilty of a misdemeanor and shall, upon conviction thereof, be punished by a fine of not more than five thousand dollars or by imprisonment in the county jail for not more than one year, or by both such fine and imprisonment.

Section 41. Depletion of Capital.] During the time that a state bank shall continue its banking business, it shall not withdraw or permit to be withdrawn, either in the form of dividends or otherwise, any portion of its capital, but nothing in this Section shall prevent a reduction or change of the capital stock or the preferred stock under the provisions of Sections 17 through 30 of this Act or a redemption of preferred stock pursuant to charter provisions therefor.

Section 42. Dividends.]

(1) Subject to the provisions of this Act, the board of directors of a state bank from time to time may declare a dividend of so much of the net profits of such bank as it shall judge expedient, but each bank before the declaration of a dividend shall carry at least one-tenth of its net profits since the date of the declaration of the last preceding dividend to its surplus until the same shall be equal to its capital.

(2) No dividends shall be paid by a state bank while it continues its banking business to an amount greater than its net profits then on hand, deducting first therefrom its losses and bad debts. All debts due to a state bank on which interest is past due and unpaid for a period of six months or more, unless the same are well secured and in the process of collection, shall be considered bad debts.

Section 43. Waivers; Corporate Action by Unanimously Signed Writing.] When a notice is required to be given to stockholders or directors under this Act, or by the charter or by-laws of any state bank, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto. Whenever the vote of the stockholders at a meeting thereof is required or permitted to be taken in connection with any corporate action, by any section of this Act, the meeting and vote of stockholders may be dispensed with, if all of the stockholders who would have been entitled to vote upon the action if such meeting were held, shall consent in writing to such corporate action being taken. In the event that the action which is consented to is such as would have required the filing of a certificate under any of the other sections of this Act, if such action had been voted upon by the stockholders at a meeting thereof, the certificate filed under such other section shall state that written consent has been given hereunder, in lieu of stating that the stockholders have voted upon the corporate action in question, if such last mentioned statement is required thereby.

Section 44. School or Institutional Deposits.] Nothwithstanding the provisions of Section 6 of this Act and subject to such regulations as the Auditor may prescribe for the protection of depositors, a bank may contract with the proper authorities of any elementary or secondary school, or of any institution caring for minors, for the participation by the bank in any school or institutional thrift or savings plan, and it may accept deposits at such school or institution, either by its own collector or by any representative of the school or institution who becomes the agent of the bank for such purpose.

Section 45. Deposits in Trust.] If a deposit is made with a bank by one person in trust for another, the name and residence of the person for whom it is made shall be disclosed, and it shall be credited to the depositor as trustee for such person; and if no other notice of the existence of and terms of a trust has been given in writing to the bank, the deposit, or any part thereof, together with the interest thereon, may in the event of the death of the trustee, be paid to the person for whom said deposit was made, or to his legal representative. No bank so paying shall thereby be liable for any estate, inheritance or succession taxes or penalties due this State.

Section 46. Natural Person Prohibited; Penalty.] No natural person or natural persons, firm or partnership, or corporation not having banking powers shall transact the business of banking or the business of re-

ceiving money upon deposit, or shall use the word "bank", "banker", or "banking" in connection with his or its business. Any person or persons violating this Section shall be deemed guilty of a misdemeanor and upon conviction thereof shall be punished by a fine of not more than one thousand dollars or by imprisonment in the county jail for not more than one year, or by both such fine and imprisonment, and the Attorney General or State's Attorney of the county in which any such violation occurs my restrain such violation by a complaint for injunctive relief.

Section 47. Reports to Auditor.] All state banks shall make and publish a full and accurate quarterly statement of its affairs which shall be certified to, under oath by the president, a vice-president or the cashier of such bank. The statement shall be according to the form which may be prescribed by the Auditor and shall exhibit in detail and under appropriate heads the resources and liabilities of such bank at the close of business of any day the Auditor may choose and designate in a call for such report. Each bank shall transmit its statement to the Auditor within ten days after receiving call for the same, and any bank failing to make and transmit such statement or to comply with any provisions of this Section shall be subject to a penalty payable to the Auditor of one hundred dollars for each day after ten days that such statement is delayed beyond that time. Every such statement shall be accompanied with a fee of five dollars. Each bank shall cause a true copy of the statement as filed with the Auditor to be published at least once.

Section 48. Auditor's Powers; Duties.] The Auditor shall have the powers and authority, and is charged with the duties and responsibilities as designated in this Act and a state bank shall not be subject to any other visitorial power than such as may be authorized by this Act, except such as are vested in the courts. In the performance of his duties:

(1) The Auditor shall call for statements from all state banks as provided in Section 47 at least once every three months of each year.

(2) The Auditor, as often as he shall deem necessary or proper, and at least once in each year, shall appoint a suitable person or persons to make an examination of the affairs of every state bank; a person so appointed shall not be a stockholder or officer or employee of any bank which he may be directed to examine, and shall have powers to make a thorough examination into all the affairs of the bank and in so doing to examine any of the officers or agents or employees thereof on oath and shall make a full and detailed report of the condition of the bank to the Auditor.

(3) The Auditor shall receive and there shall be paid to him for each such examination a fee of forty dollars, and three cents additional for each one thousand dollars of the total assets of the bank examined.

(4) The Auditor may furnish to the Board of Governors of the Federal Reserve System or the federal reserve bank of the federal reserve district in which the state bank, which is a member of the Federal Reserve System, is located, or to any official or examiner thereof duly accredited for the purpose, a copy or copies of any or all examinations of such bank and of any or all reports made by any such bank. He may give access to and disclose to said board or federal reserve bank, or any official or examiner thereof duly accredited for the purpose, any and all information possessed by the Auditor with reference to the condition or affairs of any said state bank. Nothing contained in this Act shall be construed to limit the obligation of any member state bank to comply with the requirements relative to examinations and reports of the Federal Reserve Act and of the Board of Governors of the Federal Reserve System or of the federal reserve bank of the federal reserve district in which the bank is located, nor to limit in any way the powers of the Auditor with reference to examinations and reports.

(5) The Auditor may furnish to the United States, or any agency thereof which shall have insured a bank's deposits, in whole or in part, or to any official or examiner thereof duly accredited for the purpose, a copy or copies of any or all examinations of such bank and of any or all reports made by such bank. He may also give access to and disclose to the United States or such an agency thereof, or any official or examiner thereof duly accredited for the purpose, any and all information possessed by the Auditor with reference to the condition or affairs of any such insured bank. Nothing contained in this Act shall be construed to limit the obligation relative to examinations and reports of any state bank, deposits in which are to any extent insured by the United States or any agency thereof, nor to limit in any way the powers of the Auditor with reference to examinations and reports of such bank.

Section 49. False Statements; Penalty.] Any officer, director or employee of any state bank who shall willfully and knowingly subscribe to or make, or cause to be made, any false statement or false entry with intent to deceive any person or persons authorized to examine into the affairs of such bank or with intent to deceive the Auditor or his administrative officers in the performance of their duties under this Act, upon conviction thereof, shall be punished by imprisonment of not less than one year or more than ten years in the penitentiary.

Section 50. Auditor's Proceedings Exclusive.] Except by the authority of the Auditor, represented by the Attorney General, no complaint shall be filed or proceedings commenced in any court for the dissolution or for the winding up of the affairs or for the appointment of a receiver for any state bank on the grounds:

(1) That it is insolvent; or

(2) That its capital is impaired or it is otherwise in an unsound condition; or

(3) That its business is being conducted in an unlawful, fraudulent or unsafe manner; or

(4) That it is unable to continue operations; or

(5) That its examination has been obstructed or impaired.

Section 51. Capital Impairment, Etc.; Correction.] If the Auditor with respect to a state bank shall find:

(1) Its capital is impaired or it is otherwise in an unsound condition; or

(2) Its business is being conducted in an unlawful, fraudulent or unsafe manner; or

(3) It is unable to continue operations; or

(4) Its examination has been obstructed or impeded;

the Auditor may give notice to the board of directors of his finding or findings. If the situation so found by the Auditor shall not be corrected to his satisfaction within sixty days after receipt of such notice, the Auditor at the termination of said sixty days shall take possession and control of the bank and its assets as in this Act provided for the purpose of examination, reorganization or liquidation through receivership.

Section 52. Capital Impairment, Etc.; Emergency.] If, in addition to a finding as provided in Section 51, the Auditor shall be of the opinion and shall find that an emergency exists which may result in serious losses to the depositors, he may, in his discretion, without having given the notice provided for in Section 51, and whether or not proceedings under Section 51 have been instituted or are then pending, forthwith take possession and control of the bank and its assets for the purpose of examination, reorganization or liquidation through receivership.

Section 53. Auditor's Possession; Power.] The Auditor may take possession and control of a state bank and its assets by posting upon the premises a notice reciting that he is assuming possession pursuant to this Act, and the time when his possession shall be deemed to commence, which time shall not pre-date the posting of the notice. Promptly after taking possession and control of a bank, the Auditor shall file a copy of the notice posted upon the premises in the circuit or superior court in the county in which the bank is located, and thereupon the clerk of such court shall note the filing thereof upon the records of the court, and shall enter such cause as a court action upon the dockets of such court under the name and style of "In the matter of the possession and control of the Auditor of Public Accounts of ....." (inserting the name of such bank), and thereupon the court wherein such cause is docketed shall be vested with jurisdiction to hear and determine all issues and matters pertaining to or connected with the Auditor's possession and control of such bank as provided in this Act, and such further issues and matters pertaining to or connected with the Auditor's possession and control as may be submitted to such court for its adjudication by the Auditor. When the Auditor has taken possession and control of a bank and its assets, he shall be vested with the full powers of management and control, including without limiting the generality thereof, the following:

(1) The power to continue or to discontinue the business;

(2) The power to stop or to limit the payment of its obligations;

(3) The power to collect and to use its assets and to give valid receipts and acquittances therefor;

(4) The power to employ and to pay any necessary assistants;

(5) The power to execute any instrument in the name of the bank;

(6) The power to commence, defend and conduct in its name any action or proceeding in which it may be a party;

(7) The power, upon the order of the court, to sell and convey its assets in whole or in part, and to sell or compound bad or dobutful debts upon such terms and conditions as may be fixed in such order;

(8) The power, upon the order of the court, to make and to carry out agreements with other banks or with the United States or any agency thereof which shall have insured the bank's deposits, in whole or in part, for the payment or assumption of the bank's liabilities, in whole or in part, and to transfer assets and to make guaranties in connection therewith;

(9) The power, upon the order of the court, to borrow money in the name of the bank and to pledge its assets as security for the loan;

(10) The power to terminate his possession and control by restoring the bank to its board of directors;

(11) The power to reorganize the bank as provided in this Act;

(12) The power to appoint a receiver and to order liquidation of the bank as provided in this Act; and

(13) The power, upon the order of the court and without the appointment of a receiver, to determine that the bank has been closed for the purpose of liquidation without adequate provision being made for payment of its depositors, and thereupon the bank shall be deemed to have been closed on account of inability to meet the demands of its depositors.

As soon as practical after taking possession, the Auditor shall make his examination of the condition of the bank and an inventory of the assets. Unless the time shall be extended by order of the court and, unless the Auditor shall have otherwise settled the affairs of a bank pursuant to the provisions of this Act, at the termination of thirty days from the time of taking possession and control of a bank for the purpose of examination, reorganization or liquidation through receivership, the Auditor shall either terminate his possession and control by restoring the bank to its board of directors or appoint a receiver and order the liquidation of the bank as provided in this Act. All necessary and reasonable expenses of the Auditor's possession and control and of its reorganization shall be borne by the bank and may be paid by the Auditor from its assets.

Section 54. Auditor's Possession; Limitation of Actions.] When the Auditor has taken possession and control of a state bank and its assets, there shall be a postponement until six months after the commencement of such possession of the date upon which any period of limitation fixed by a statute or agreement would otherwise expire on a claim or right of action of the bank, or upon which an appeal must be taken or a pleading or other document must be filed by the bank in any pending action or proceeding. No judgment, lien or attachment shall be executed upon any asset of the bank while it is in the possession of the Auditor, except upon the order of the court referred to in Section 53.

Section 55. Reorganization.] The Auditor, while in possession and control of a state bank and its assets, after according such hearing to interested parties as he may determine and upon the order of the court, may propose a reorganization plan. Such reorganization plan shall become effective only (1) when the requirements of Section 56 shall have been satisfied, and (2) when, after reasonable notice of such reorganization, as the case may require (a) depositors and other creditors of such bank representing at least seventy-five per cent in amount of its total deposits and other liabilities as shown by the books of the bank, or (b) stockholders owning at least two-thirds of its outstanding capital stock as shown by the books of the bank, or (c) both depositors and other creditors representing at least seventy-five per cent in amount of the total deposits and other liabilities and stockholders owning at least two-thirds of its outstanding capital stock as shown by the books of the bank, shall have consented in writing to the plan of reorganization; provided, however, that claims of depositors or other creditors which will be satisfied in full on demand under the provisions of the plan of reorganization shall not be included among the total deposits and other liabilities of the bank in determining the seventy-five per cent thereof as above provided. When such reorganization becomes effective, all books, records, and assets of the bank shall be disposed of in accordance with the provisions of the plan and the affairs of the bank shall be conducted by its board of directors in the manner provided by the plan and under the conditions, restrictions, and limitations which may have been prescribed by the Auditor. In any reorganization which shall have been approved and shall have become effective as provided herein, all depositors and other creditors and stockholders of such bank, whether or not they shall have consented to such plan of reorganization, shall be fully and in all respects subject to and bound by its provisions, and claims of all depositors and other creditors

shall be treated as if they have consented to such plan of reorganization. A department, agency or political subdivision of this State holding a claim which will not be paid in full is authorized to participate in a plan of reorganization as any other creditor and shall be subject to and bound by its provisions as any other creditor.

Section 56. Requirements of Reorganization Plan.] A plan of reorganization for a state bank shall not be proposed under this Act unless:

(1) The plan is feasible and fair to all classes of depositors, creditors and stockholders.

(2) The face amount of the interest accorded to any class of depositors, creditors and stockholders under the plan does not exceed the value of the assets upon liquidation less the full amount of the claims of all prior classes, subject, however, to any fair adjustment for new capital that any class will pay in under the plan.

(3) The plan assures the removal of any director, officer or employee responsible for any unsound or unlawful action or the existence of an unsound condition.

(4) Any merger or consolidation provided by the plan conforms to the requirements of this Act.

(5) Any reorganized bank provided by the plan conforms to the requirements of this Act for the organization of a bank.

Section 57. Reorganization; Emergency.] Whenever in the course of reorganization supervening conditions render the plan of reorganization unfair or its execution impractical, the Auditor may modify the plan (provided the modification is with the written consent of the depositors and other creditors representing at least seventy-five per cent in amount of the total deposits and other liabilities which are impaired or lessened by the modification) or may appoint a receiver for liquidation as provided in this Act.

Section 58. Appointment of Receiver; Court Proceeding.] If the Auditor determines (which determination may be made at the time, or any time subsequent to his taking possession and control of a bank and its assets) that the bank cannot be reorganized and that it should be liquidated through receivership, he shall appoint a receiver and require of him such bond and security as the Auditor deems proper, and the Auditor, represented by the Attorney General, shall file a complaint for the dissolution or winding up of the affairs of such bank in a court of the county where such bank is located.

Section 59. Notice of Receivership.] Upon appointing a receiver and upon the filing of a complaint for the dissolution or winding up of the affairs of a state bank, the Auditor shall cause notice to be given in such newspaper as he directs once each week for the twelve consecutive weeks calling on all persons who may have claims against such bank to present the same to such receiver and to make legal proof thereof and notifying all such persons and all to whom it may concern of the filing of a complaint for the dissolution or winding up of the affairs of the bank and stating the name and location of said court. All persons who may have claims against such bank and the receiver to whom such persons have presented their claims may present them to the clerk of such court, and the allowance or disallowance of such claims by said court in connection with such proceedings shall be deemed an adjudication in a court of competent jurisdiction.

Section 60. Receiver's Powers; Duties.] The receiver for a state bank, under the direction of the Auditor, shall have the power and authority and is charged with the duties and responsibilities as follows:

(1) He shall take possession of, and for the purpose of the receivership, the title to the books, records and assets of every description of the bank.

(2) He shall proceed to collect all debts, dues and claims belonging to the bank.

(3) He shall file with the Auditor a copy of each report which he makes to the court, together with such other reports and records as the Auditor may require.

(4) He shall have authority to sue and defend in his own name with respect to the affairs, assets, claims, debts and choses in action of the bank.

(5) He shall have authority, and it shall be his duty to surrender to the customers of such bank their private papers and valuables left with said banks for safekeeping, upon satisfactory proof of ownership.

(6) As soon as can reasonably be done, he shall resign on behalf of said bank, all trusteeships, guardianships, conservatorships, and all appointments as executor and administrator, making in each case a proper accounting on behalf of said bank.

(7) He shall have authority to redeem or take down collateral hypothecated by said bank to secure its notes or other evidence of indebtedness whenever the Auditor deems it to the best interests of the creditors of said bank so to do.

(8) Whenever he shall find it necessary in his opinion to use and employ money of the bank, in order to fully protect and benefit the bank, by the purchase or redemption of any property, real or personal, in which the bank may have any rights by reason of any bond, mortgage, assignment, or other claim thereto, he may certify the facts together with his opinions as to the value of the property involved, and the value of the equity the bank may have in said property to the Auditor, together with a request for the right and authority to use and employ so much of the money of the bank as may be necessary to purchase said property, or to redeem the same from a sale if a sale shall have been had, and if such request is granted, said receiver may use so much of the money of the bank as the Auditor may have authorized to purchase said property at such sale.

(9) He shall deposit daily all monies collected by him in any state or national bank selected by the Auditor, who may require (and the bank so selected may furnish) of such depository satisfactory securities or satisfactory surety bond for the safekeeping and prompt payment of the money so deposited. Said deposits shall be made in the name of the Auditor in trust for the bank and be subject to withdrawal upon his order or upon the order of such persons as the Auditor may designate. Such monies may be deposited without interest, unless otherwise agreed. However, if any interest shall be paid by such depository, it shall accrue to the benefit of the particular trust to which the deposit belongs.

(10) He shall do such things and take such steps from time to time under the direction and approval of the Auditor as may reasonably appear to be necessary to conserve the bank's assets and secure the best interests of the creditors of the bank.

(11) He shall record any decree of dissolution entered in a dissolution proceeding and thereupon turn over to the Auditor a certified copy thereof, together with all books of account and ledgers of such bank for preservation.

Section 61. Receiver's Powers; Court Directions.] Upon the order of the court wherein the Auditor's complaint for the dissolution or winding up of the affairs of the state bank has been filed, the receiver for the bank shall have the power and authority and is charged with the duties and responsibilities as follows:

(1) He may sell and compound all bad and doubtful debts on such terms as the court shall direct.

(2) He may sell the real and personal property of the bank on such terms as the court shall direct.

(3) He may petition the court for the authority to borrow money, and to pledge the assets of the bank as security therefor, whereupon the practice and procedure shall be as follows:

(a) Upon the filing of such petition the court shall set a date for the hearing of such petition and shall prescribe the form and manner of the notice to be given to the officers, stockholders, creditors or other persons interested in such bank.

(b) Upon such hearing, any officer, stockholder, creditor or person interested shall have the right to be heard.

(c) If the court grants such authority, then the receiver may borrow money and issue evidences of indebtedness therefor, and may secure the payment of such loan by the mortgage, pledge, transfer in trust or hypothecation of any or all property and assets of such bank, whether real, personal, or mixed, superior to any charge thereon for the expenses of liquidation.

(d) Such loan may be obtained in such amount upon such terms and conditions, and with provisions for repayment as may be deemed necessary or expedient.

(e) Such loan may be obtained for the purpose of facilitating liquidation, protecting or preserving the assets, expediting the making of distributions to depositors and other creditors, providing for the expenses of administration and liquidation, aiding in the reopening or reorganization of such bank or its merger or consolidation with another bank, or in the sale of its assets.

(f) The receiver shall be under no personal obligation to repay any such loan and shall have authority to take any and all action necessary or proper to consummate such loan and to provide for the repayment thereof, and may, when required, give bond for the faithful performance of all undertakings in connection therewith.

(g) Prior to petitioning the court for authority to make any such loan, the receiver may make application for or negotiate any such loan subject to obtaining an order of the court approving the same.

(4) He may make and carry out agreements with other banks or with the United States or any agency thereof which shall have insured the bank's deposits, in whole or in part, for the payment or assumption of the bank's liabilities, in whole or in part, and he may transfer assets and make guaranties in connection therewith.

(5) After the expiration of twelve weeks after the first publication of the Auditor's notice as provided in Section 59, he shall file with the court a correct list of all creditors of said bank, as shown by its books, who have not presented their claims and the amounts of their respective claims after allowing all just credits, deductions and set-offs as shown by the books of said bank. Such claims so filed shall be deemed proven, unless objections are filed thereto by some party or parties interested therein within such time as shall be fixed by the court.

(6) At the termination of his administration, he shall petition the court for the entry of a decree of dissolution. After a hearing upon such notice as the court may prescribe, the court may enter a decree of dissolution whereupon the bank's charter shall be terminated.

Section 62. Change of Receiver.] At any time, whenever two-thirds in amount of the creditors of a state bank, after a receiver shall have been appointed by the Auditor, shall petition the Auditor for the appointment of any person nominated by them as receiver, who is a reputable person and a resident of the county in which such bank is located, it shall be the duty of the Auditor to make such appointment and all rights and duties of his predecessor shall at once devolve upon such appointee. The Auditor may remove any receiver appointed by him except such receiver as shall have been appointed through nomination by the creditors and such receiver may be removed by the court upon a petition for his removal filed by the Auditor after hearing had upon such notice as the court may prescribe. Upon the death, inability to act, resignation or removal of a receiver the Auditor may appoint his successor and upon such appointment all rights and duties of his predecessor shall at once devolve upon such appointee.

Section 63. Insured Deposits; Subrogation.] The right of an agency of the United States insuring deposits to be subrogated to the rights of depositors upon payment of their claim shall not be less extensive than the law of the United States requires as a condition of the authority to issue such insurance or make such payment.

Section 64. Expenses and Fees.] All expenses of a receivership, including reasonable receiver's, solicitor's and attorney's fees, approved by the Auditor, shall be paid out of the assets of the state bank. All expenses of any preliminary or other examination into the condition of any such bank or receivership, and all expenses incident to and in connection with the possession and control of the bank and its assets for the purpose of examination, reorganization or liquidation through receivership shall be paid out of the assets of such bank. The payment herein authorized may be made by the Auditor with monies and property of the bank in his possession and control and shall have priority over all claims.

Section 65. Dividends; Dissolution.] From time to time during receivership the Auditor shall make and pay from monies of the bank a ratable dividend on all claims as may have been proved to his satisfaction or adjudicated by the court. Claims so proven or adjudicated shall bear interest at the rate of three per cent per annum from the date of the appointment of the receiver to the date of payment, but all dividends on a claim shall be applied first to principal. In computing the amount of any dividend to be paid, if the Auditor shall deem it desirable in the interests of economy of administration and to the interest of the bank and its creditors, he may pay up to the amount of ten dollars of each claim or unpaid portion thereof in full. As the proceeds of the assets of the bank are collected in the course of liquidation, the Auditor shall make and pay further dividends on all claims previously proven or adjudicated. All unclaimed dividends shall be held and deposited with the Auditor to be paid out by him when proper claims therefor are presented to him. After one year from the entry of a decree of dissolution, the Auditor shall make a pro rata distribution of the then unclaimed dividends to those unpaid claimants who have accepted the last preceding dividend until such claim

or claims are paid in full. If any monies or assets shall then remain in his hands, the Auditor shall distribute the same pro rata to the bank's stockholders. The Auditor shall deduct from the funds so deposited or held by him the expenses of distributing the same.

Section 66. Validation of Dividends; Destruction of Records.] In all cases where the Auditor prior to the taking effect of this Act has made ratable dividends of money on claims which have been proven to the satisfaction of the Auditor or adjudicated in any court of this State, such dividends are hereby ratified and confirmed and made valid and legal in all respects. All records of receiverships heretofore and hereafter received by the Auditor shall be held by him for the period of two years after the close of the receivership and at the termination of said two year period may then be destroyed.

Section 67. Judicial Review.] Whenever the Auditor shall have taken possession and control of a state bank and its assets for the purpose of examination, reorganization or liquidation through receivership, or whenever the Auditor shall have appointed a receiver for a bank and filed a complaint for the dissolution or for the winding up of the affairs of a bank, and the bank denies the grounds for such actions, it may at any time within ten days apply to the Circuit Court of Sangamon County, Illinois, to enjoin further proceedings in the premises; and such court shall cite the Auditor to show cause why further proceedings should not be enjoined, and if the court shall find that such grounds do not exist, the court shall make an order enjoining the Auditor and any receiver acting under his direction from all further proceedings on account of such alleged grounds.

Section 68. Voluntary Dissolution.] A state bank may elect to dissolve voluntarily and wind up its affairs by the act of the bank in the following manner:

(1) The board of directors shall adopt a resolution recommending that the bank be dissolved voluntarily and directing that the question of such dissolution be submitted to a vote at a meeting of stockholders which may be either an annual or special meeting.

(2) Written or printed notice stating that the purpose, or one of the purposes, of such meeting is to consider the advisability of voluntarily dissolving the bank shall be given to each stockholder of record entitled to vote at such meeting within the time and in the manner provided in this Act for the giving of notice of meetings of stockholders. If such meeting be an annual meeting, such purpose may be included in the notice of such annual meeting.

(3) At such meeting a vote of the stockholders entitled to vote thereat shall be taken on a resolution to dissolve voluntarily the bank, which shall require for its adoption the affirmative vote of the holders of at least two-thirds of the outstanding shares entitled to vote at such meeting, unless any class of shares is entitled to vote as a class in respect thereof, in which event the resolution shall require for its adoption the affirmative vote of the holders of at least two-thirds of the outstanding shares of each class of shares entitled to vote as a class in respect thereof, and of the total outstanding shares entitled to vote at such meeting.

(4) Upon the adoption of such resolution, a statement of intent to dissolve shall be executed in duplicate by the bank by its president or a vice-president, and verified by him, and the corporate seal shall be thereto affixed, attested by its secretary or cashier which shall set forth:

(a) The name of the bank.

(b) The names and respective addresses, including street and number, if any, of its officers.

(c) The names and respective addresses, including street and number, if any, of its directors.

(d) A copy of the resolution of the stockholders authorizing the voluntary dissolution of the bank.

(e) The number of shares outstanding, and, if the shares of any class are entitled to vote as a class, the number of shares of each such class.

(f) The number of shares voted for and against the voluntary dissolution of the bank, respectively, and, if the shares of any class are entitled to vote as a class, the number of shares of each such class voted for and against the voluntary dissolution of the bank, respectively.

(g) A statement of all of the liabilities of the bank, as shown by its records.

(h) An executed copy of the contract, if any there be, with another bank, or with the Federal Deposit Insurance Corporation or with both by which another bank assumes all the liabilities of the dissolving state bank.

(i) If there be no contract, as provided for in subsection (h) of this subsection (4) a statement that the dissolving bank proposes to deposit in cash with the Auditor the whole amount of all the liabilities of the dissolving bank as shown by its records, other than the liabilities of the dissolving bank to its stockholders as such.

(5) A bank may elect to dissolve voluntarily and wind up its affairs by the written consent of the holders of record of all of its outstanding shares without compliance with the provisions of subsection (1), (2), and (3) of this Section 68 in which a statement as required in subsection (4) setting forth the matter in subsections (4) (a), (4) (b), (4) (c), (4) (g), (4) (h), and (4) (i) shall be executed in duplicate and signed by the holders of record of all of its outstanding shares.

(6) Duplicate originals of the statement of intent to dissolve whether pursuant to subsection (4) or pursuant to subsection (5), as the case may be, shall be delivered to the Auditor for his approval. If the Auditor disapproves the dissolution, he shall state his objections and give an opportunity to the dissolving bank to amend its statement of intent to dissolve to obviate such objections.

(7) If the Auditor finds that the statement of intent to dissolve conforms to the provisions of this Act when all fees and charges have been paid as in this Act prescribed, and when the deposit required in subsection (4) (i) shall have been made with the Auditor or, if there is a contract pursuant to subsection (4) (h), when the Auditor has approved such contract as being in compliance with the provisions of this Act and not prejudicial to creditors, the Auditor shall indorse upon each of such duplicate originals the word "Approved" and the month, day and year of his approval thereof. Thereupon the Auditor shall file and record one of such duplicate originals in the office for the recording of deeds in the county where the dissolving bank is organized, and the original or a certified copy thereof shall be evidence in all courts of the dissolution of such bank.

(8) The Auditor shall publish notice that the statement of intent to dissolve has been approved and that the liabilities of the dissolving bank as shown by its records will be redeemed by the Auditor or by the bank which has assumed the liabilities of the dissolving bank as shown by its records, other than the liabilities of the dissolving bank to its stockholders as such.

Section 69. Voluntary Dissolution; Deposit with Auditor.] If any of the liabilities of the dissolving state bank as shown by its records which have been assumed by another bank are not presented or are not satisfied within one year from the publication provided for in Section 68 (8), then, and in such event, the bank which has assumed them may deposit with the Auditor a sum sufficient to meet such outstanding liabilities which when presented to the Auditor shall be paid by him out of such sum. Upon making such deposit the assuming bank shall no longer be liable on such outstanding liablities. If such deposit is not made within two years from the Auditor's publication, the assuming bank shall remain liable thereon as in the case of the other liabilities.

Section 70. Voluntary Dissolution; Auditor's Payments.] The Auditor shall hold and pay out sums deposited with him either by the dissolving state bank or by the assuming bank in payment of the liabilities of the dissolving bank's liabilities for which such deposits have been made and after six years from the day on which the publication of dissolution pursuant to Section 68 (8) was first made, the Auditor shall return to the stockholders of the dissolved bank, to be among them distributed pro rata, the remainder of any such sum so deposited.

Section 71. Voluntary Dissolution; Auditor's Fee.] The Auditor shall be entitled to a fee, which shall be paid at the time of deposit, on all money deposited with him for the account of one dissolving bank of two per cent of the first five thousand dollars and one per cent of all sums in excess of five thousand dollars.

Section 72. Voluntary Dissolution; Dissolving Bank.] Upon and after the day on which the publication provided for in Section 68 (8) was first made:

(1) The dissolving bank shall cease to carry on its business, except insofar as may be necessary for the proper winding up thereof, but its corporate existence shall continue until the expiration of six years from the date upon which the publication provided for in Section 68 (8) was first made;

(2) The dissolving bank as soon as practical shall resign all fiduciary positions and take such action as may be necessary to settle its fiduciary accounts;

(3) The dissolving bank as soon as practical shall discontinue any safe deposit business it may have and take steps to return any property of others that it may have in its possession as bailee; and

(4) The dissolving bank may make and distribute to its stockholders from time to time liquidating dividends provided in each case the amount, manner and time of payment shall have been first approved by the Auditor.

Section 73. VOLUNTARY DISSOLUTION; LIMITATION ON CLAIMS.] The publication by the Auditor of a resolution for dissolution shall not impair any right of a depositor or creditor to payment in full of his lawful claims nor impair any right or remedy theretofore had for the enforcement thereof, provided, however, that all debts and demands for the recovery of which no action shall have been commenced against the dissolving bank on or before the termination of six years from the first day on which the publication was made by the Auditor shall be barred and unenforceable after the termination of said six year period, and no action shall thereafter be commenced therefor, and further, provided, that this section shall not extend the time or limitation on any action that would otherwise be earlier barred.

Section 74. VOLUNTARY DISSOLUTION; TERMINATION OF CHARTER.] Upon being satisfied that the affairs of a state bank have been wound up pursuant to a resolution of dissolution and after six years from the first day on which publication of a resolution of dissolution by the Auditor, he shall issue his certificate of cancellation of the charter of the dissolving bank and its corporate existence shall then and thereupon terminate. This certificate shall be recorded by the Auditor and the original or a certified copy thereof shall be evidence in all courts of the termination of the charter of a bank.

Section 75. SEPARABILITY.] If any provision, clause or phrase of this Act or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or application of this Act which can be given effect without the invalid provision or application and to this end provisions of this Act are declared to be separable.

Section 76. EFFECTIVE DATE.] The Secretary of State for this State shall submit this Act to a vote of the people for their approval in accordance with Section 5 of Article XI of the Constitution of this State at the next general election. In accordance with Section 16-7 of "The Election Code", approved May 11, 1943, as amended, the question shall be stated "Shall 'An Act to Revise the Law With Relation To Banks and Banking And To Provide Penalties For The Violation Thereof, and to repeal certain Acts herein named' be Adopted Effective January 1, 1957?" If a majority of the votes upon such question are for the adoption of such Act, the Governor shall, thereupon, issue his proclamation that this Act is in force effective January 1, 1957.

Section 77. REPEALER.]

(1) "An Act to revise the law with relation to banks and banking" approved June 23, 1919, and all Acts amendatory thereof are hereby repealed as of the date this Act becomes effective.

(2) "An Act concerning civil actions to enforce the superadded liabilities of stockholders of banks organized under the laws of this State" approved April 22, 1941, is hereby repealed as of the date this Act becomes effective.

(3) "An Act in relation to the payment of deposits in trust" approved June 27, 1921, is hereby repealed as of the date this Act becomes effective.

(4) "An Act relating to receivers and assignees of banks, banking institutions, banking firms and savings banks" approved May 31, 1879, is hereby repealed as of the date this Act becomes effective.

JOHN WM. CHAPMAN

.....

President of the Senate.

WARREN L. WOOD

.....

Speaker, House of Representatives.

Approved May 11, 1955

WILLIAM G. STRATTON

Governor

The foregoing Statement of Details of the act proposed for adoption is hereby approved.

LATHAM CASTLE

.....

Attorney General of the State of Illinois.

STATE OF ILLINOIS
} ss.
COUNTY OF SANGAMON

OFFICE OF THE SECRETARY OF STATE
CAPITOL BUILDING
SPRINGFIELD
ILLINOIS

I, CHARLES F. CARPENTIER, Secretary of State of the State of Illinois, do hereby certify that the foregoing is a true copy of the Statement prepared by me, pursuant to statute, setting forth in detail "An Act to revise the law with relation to banks and banking and to provide penalties for the violation thereof, and to repeal certain acts herein named," as passed by the 69th General Assembly and approved May 11, 1955, to be submitted for adoption by a vote of the people at the general election on November 6, 1956; the original of such enactment and the original of this Statement being now on file in this office. This certification is made pursuant to Illinois Revised Statutes 1955, chapter 7½, paragraphs 9 and 10.

IN WITNESS WHEREOF, I hereunto set my hand and affix the Great Seal of the State of Illinois. Done at my office in the Capitol Building, in the City of Springfield, this 5th day of September, A.D. 1956, and of the Independence of the United States the one hundred and eighty-first.

.....
Secretary of State.

A PUBLIC MEASURE
TO ADOPT ILLINOIS BANKING ACT

OFFICE OF THE SECRETARY OF STATE
CAPITOL BUILDING
SPRINGFIELD
ILLINOIS

STATEMENT AND SUGGESTIONS PREPARED BY THE SECRETARY OF STATE AND APPROVED BY THE ATTORNEY GENERAL OF THE STATE OF ILLINOIS

TO THE VOTERS AT THE GENERAL ELECTION TO BE HELD THROUGHOUT THE STATE OF ILLINOIS, TUESDAY, NOVEMBER 6, 1956.

Pursuant to Senate Bill No. 324 passed as an Act of the 69th General Assembly of the State of Illinois a proposition is to be submitted as a public measure to be voted on at the general election on November 6, 1956 and the proposition so submitted will appear on the same ballots as the names of the candidates for state and other offices as follows:

Shall "An Act to Revise the Law with Relation to Banks and Banking and to Provide penalties for the Violation Thereof, and to repeal certain Acts herein named" be Adopted Effective January 1, 1957?	Yes	
	No	

If a majority of the votes upon such question in such election are for the adoption of such act, the Governor shall thereupon proclaim the act in force effective January 1, 1957.

A statement setting forth in detail the provisions of the proposed Illinois Banking Act has been certified to the County Clerk for filing and preservation for public inspection.

Pursuant to the statutes of the State of Illinois in such case made and provided, the following Statement and Suggestions has been prepared for publication and posting as being necessary to afford a proper understanding of the proposition to be voted on as aforesaid.

STATEMENTS AND SUGGESTIONS

The proposed Illinois Banking Act applies to all existing and future State Banks and repeals all the provisions of "An Act to Revise the Law in Relation to Banks and Banking", approved June 23, 1919, ratified by vote of the people November 2, 1920, and Acts Amendatory thereof.

In the sense of organization, arrangement and phraseology this is a complete and new banking law. In the sense of substantive content the Illinois Banking Act is a restatement of the law now in force with certain changes, additions and clarifications which are herein noted.

The significant changes, additions and clarifications made in this proposed Illinois Banking Act are as follows:

(a) The minimum capital requirements of the present Act remain unchanged but in the chartering of new banks and in mergers, conversions and reorganizations the Auditor of Public Accounts is required to determine that a proposed bank's future earnings prospects are favorable and that the general character of its proposed management is such as to assure reasonable promise of successful operation. The restriction against establishment of additional banks in communities of 2500 or less inhabitants is removed. In the case of the community of over 100,000 inhabitants the requirement of residence of the incorporators within three miles of the proposed bank's location is eliminated. The incorporators are each required to subscribe and pay for not less than one per cent (1%) of the capital, surplus and reserve.

(b) The supervisory authority of the Auditor of Public Accounts is broadened and clarified in organizations, bank operations, examinations, liquidations and receiverships.

(c) Corrective action may be taken by the Auditor of Public Accounts not only in situations of actual or threatened capital impairment but also when a bank's business is being conducted in an unlawful, fraudulent or unsafe manner. The Auditor's action is under court supervision.

(d) As an alternative to liquidation mechanisms for the reorganization of a state bank are provided and statutory minimum requirements for a reorganization plan are defined.

(e) There is an express statement of the power of banks to adopt reasonable bonus and pension plans for officers and employees, to make reasonable donations and to pledge assets to secure borrowed money, deposits of public money of the United States and of the State of Illinois and deposits when security therefor is required by the national bankruptcy law. The authority and manner by which a bank may own real estate in or with which to do business is stated and clarified.

(f) There are provisions for the issuance of preferred stock by state banks and permissible provisions for its redemption, priority and conversion are set forth.

(g) The pre-emptive right of stockholders to acquire a proportionate share of stock in the case of a capital increase is stated and authority for the issuance of stock for a price in excess of its par value is given. The corporate procedures for banks in many respects are brought into conformity with corporate procedures as established in the Business Corporation Act.

(h) The existing prohibition against branch banking is retained, but the proposed Act contains a definition of the words "banking house", "branch banking", "branch office" and "additional office or agency" under which a place for the conduct of bank business would not be in violation of the branch banking prohibition if such place is adjacent to and connected with the main banking premises, or, if such place is not so connected, it is separated from the main banking premises by not more than an alley, in which latter event the connection with the main banking premises may consist of simply a public or private way across the alley although connection by subterranean or overhead passage would still be permitted. However, in any event such place cannot be within any office or room in which any business or service other than the business of the bank is conducted or carried on. In addition under the said definition, a place at which only records of business are made, posted or kept would not be in violation of the branch banking prohibition, wheresoever such a place might be located.

(i) In mergers and conversions involving state and national banks federal law controls all matters affecting national banks and the rights of dissenting stockholders where there is a resulting national bank. A new provision provides for mergers between state banks and trust companies under stated conditions.

(j) An emergency sale of a bank's assets (with the Auditor's approval) may be directed by a majority vote of the directors instead of the two-thirds vote required under present law.

(k) A new exemption from basic loaning limits permits loans up to 30% of capital and surplus when such loans are secured by livestock collateral having a value of not less than 115% of the loan.

(l) The restraint on dividend payments is changed so as to require not less than one-tenth of earnings to surplus until surplus equals capital. The present law imposes the restraint only until surplus equals 20% of capital.

(m) The prohibition against transaction of the business of banking and use of the words "bank", "banker" or "banking" is extended to apply to corporations not having banking powers.

(n) In bank receiverships creditors holding two-thirds in amount of claims may appoint a receiver instead of the present law's requirement of two-thirds in both number and amount. Claims in receiverships are given 3% interest thereon and a new provision permits full payment of claims of $10.00 or under in lieu of dividends thereon.

(o) A separability clause is added. Invalidity of single provisions does not affect other provisions.

CHARLES F. CARPENTIER

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Secretary of State.

Approved this 12th day of

July, A. D. 1956.

LATHAM CASTLE

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Attorney General.

OFFICE OF THE SECRETARY OF STATE
CAPITOL BUILDING
SPRINGFIELD
ILLINOIS

STATE OF ILLINOIS }
} ss.
COUNTY OF SANGAMON }

TO THE COUNTY CLERK OF ..... COUNTY, ILLINOIS:

I, CHARLES F. CARPENTIER, Secretary of State of the State of Illinois, do hereby certify that the foregoing is a true copy of the Statement and Suggestions prepared by me as necessary to afford a proper understanding of the proposition to adopt the Illinois Banking Act, which proposition is to be submitted to the voters at the general election on November 6, 1956.

And I further certify that said Statement and Suggestions have been submitted to and approved by the Attorney General of the State of Illinois and do hereby certify them to you to have published and posted in accordance with the provisions of Illinois Revised Statutes 1955, chapter 7½, paragraph 11, for the general election to be held on Tuesday, November 6, 1956.

IN WITNESS WHEREOF, I hereunto set my hand and affix the Great Seal of the State of Illinois. Done at my office in the Capitol Building, in the City of Springfield, this 5th day of September, A.D. 1956, and of the Independence of the United States the one hundred and eighty-first.

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Secretary of State.

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(Printed by authority of the State of Illinois.)